

Office of the Governor | Mississippi Division of Medicaid

Financial Impact of the ACA on Mississippi Division of Medicaid

March 11, 2013



Affordable Care Act Provisions

- The Affordable Care Act has both mandatory and optional provisions
- Mandatory provisions require states to change the way Medicaid programs operate
- Involves expansion of certain eligibility categories
- Enhances payments to certain provider groups



Affordable Care Act Optional Provision

According to CMS, the only optional provision is expansion of non-pregnant, non-elderly adult beneficiary eligibility to 138% of the Federal Poverty Level.

2013 Federal Poverty Level Guidelines

(at 138% FPL)

Persons in Family/Household	Income Level in Dollars
1	\$15,856
2	\$21,404
3	\$26,951
4	\$32,499



Mandatory Provisions of the ACA

Mandatory ACA Spending Overview

- Foster Children Expansion to Age 26
- Expanded Eligibility for Children – Includes Enhanced FMAP
- Eligibility Modernization/Administrative Expenditures
- Primary Care Physician Fee Increase
- Health Insurer Fee
- Woodwork Effect Population



ACA Mandates Without Expansion

Foster Children Expansion to Age 26

- Extends coverage from 21-26 years of age
- Estimated cost through 2020 = \$12 million

Expanded Eligibility for Children – Includes Enhanced FMAP

- Includes children 6-18 years of age
- Increases Medicaid eligibility from 100% to 138% of the FPL currently served by CHIP
- Unknown financial impact



Foster Children Expansion to Age 26 (in millions)

Mandatory ACA Spending	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
State Funds	\$1	\$2	\$2	\$2	\$2	\$2	\$2	\$12
Federal Funds	\$2	\$4	\$5	\$5	\$5	\$6	\$6	\$33
Total	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45



ACA Mandates Without Expansion

Eligibility Modernization

- Modified Adjusted Gross Income (MAGI)
 - Income disregards and household composition changes result in greater number of eligible beneficiaries

Administrative Expenditures

- Upgrade computer infrastructure, hire staff to process the additional beneficiary applications
- Estimated cost through 2020 = \$15-\$23 million



Administrative Expenditures (in millions)

Mandatory ACA Spending	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
State Funds	\$1	\$3	\$3	\$3	\$3	\$3	\$4	\$20
Federal Funds	\$1	\$3	\$3	\$3	\$3	\$3	\$4	\$20
Total	\$3	\$5	\$6	\$6	\$6	\$7	\$7	\$39



ACA Mandates Without Expansion

Primary Care Physician Fee Increase

- Pay Primary Care Physicians 100% of Medicare rate
- 100% covered by federal funds for 2013 and 2014;
no additional federal funding allocated after 2014
- Will state cover these costs after the first two years
(2015-2020)?
- Estimated cost through 2020 = \$74-76 million



Primary Care Physician Fee Increase* (in millions)

Mandatory ACA Spending	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
State Funds	\$0	\$6	\$12	\$13	\$14	\$15	\$16	\$75
Federal Funds	\$39	\$37	\$33	\$35	\$37	\$40	\$42	\$264
Total	\$39	\$43	\$46	\$48	\$51	\$54	\$58	\$339

**The ACA does not require the Primary Care Physician fee increase to be continued past 2015; DOM has projected it to continue through 2020.*



ACA Mandates Without Expansion

Health Insurer Fee

- ACA places \$8 billion annual fee on the health insurance industry nationwide
- Net result is a 1.4% increase in managed care fees for MS in 2014 and 2.5% increase for 2015-2020
- Estimated cost through 2020 = \$92 million



Health Insurer Fee (in millions)

Mandatory ACA Spending	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
State Funds	\$3	\$10	\$14	\$15	\$16	\$16	\$17	\$92
Federal Funds	\$9	\$28	\$37	\$40	\$42	\$45	\$47	\$248
Total	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340



ACA Mandates Without Expansion

Woodwork Effect Population

- Increased enrollment for those already eligible for Medicaid is due to:
 - Pressure from the Individual Mandate
 - Referrals from the Health Insurance Exchange
 - Loss of employer coverage



ACA Mandates Without Expansion

- Starting in 2014, increased enrollment for those already eligible are estimated to be an additional 48,000 to 72,000 individuals (60% to 100% participation)
- The woodwork effect is the largest driver of ACA spending growth without expansion



Woodwork Effect Population (in millions)

Mandatory ACA Spending	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
State Funds	\$26	\$56	\$59	\$62	\$66	\$70	\$74	\$413
Federal Funds	\$71	\$151	\$160	\$169	\$179	\$190	\$201	\$1,121
Total	\$97	\$206	\$218	\$232	\$245	\$260	\$276	\$1,534

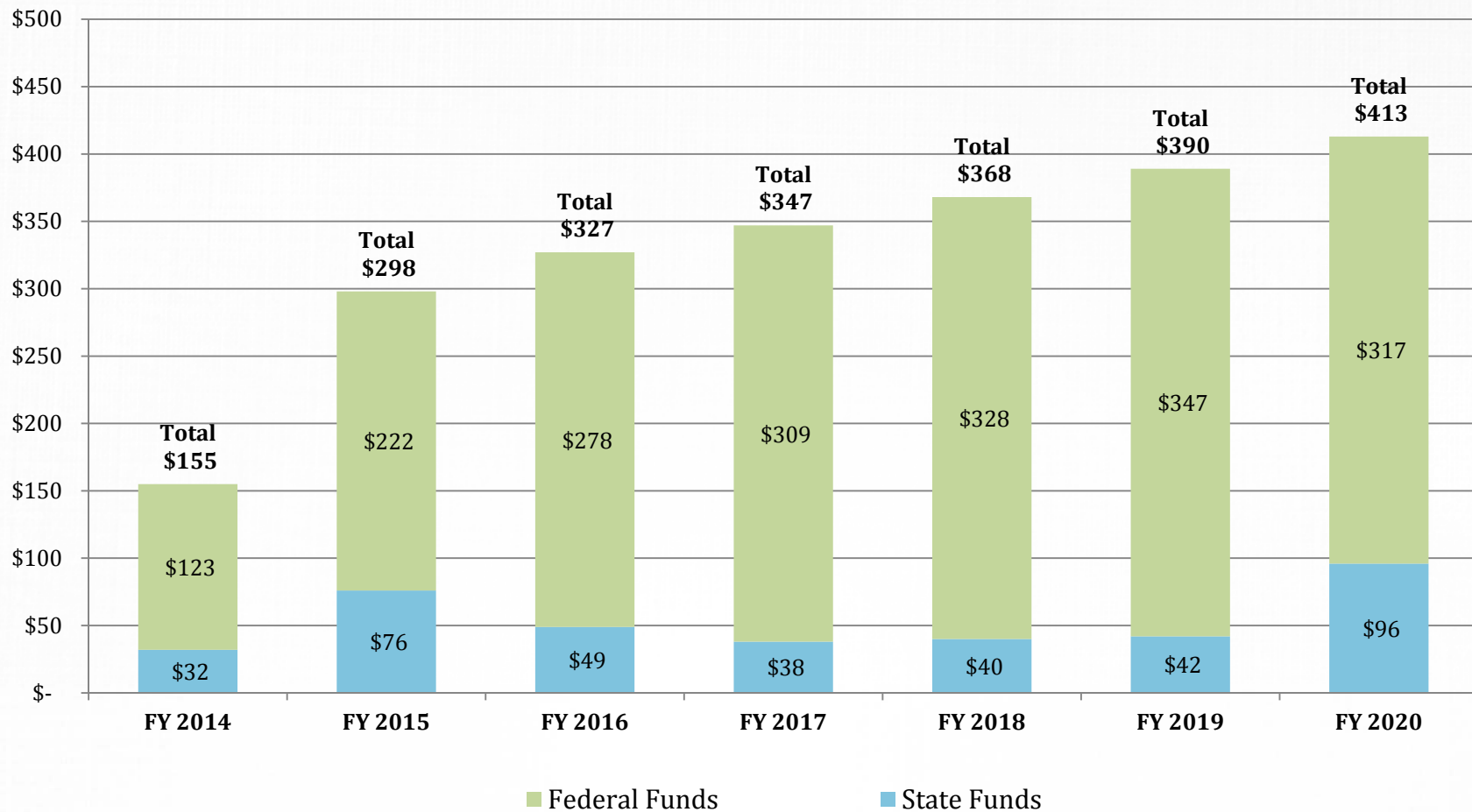


Mandatory ACA Spending Growth Summary

Estimated cost of mandatory changes without expansion for 2014-2020 = **\$272-\$436 million**



Mandatory ACA Spending Growth Overview (in millions)



Optional ACA Expansion to 138% Federal Poverty Level

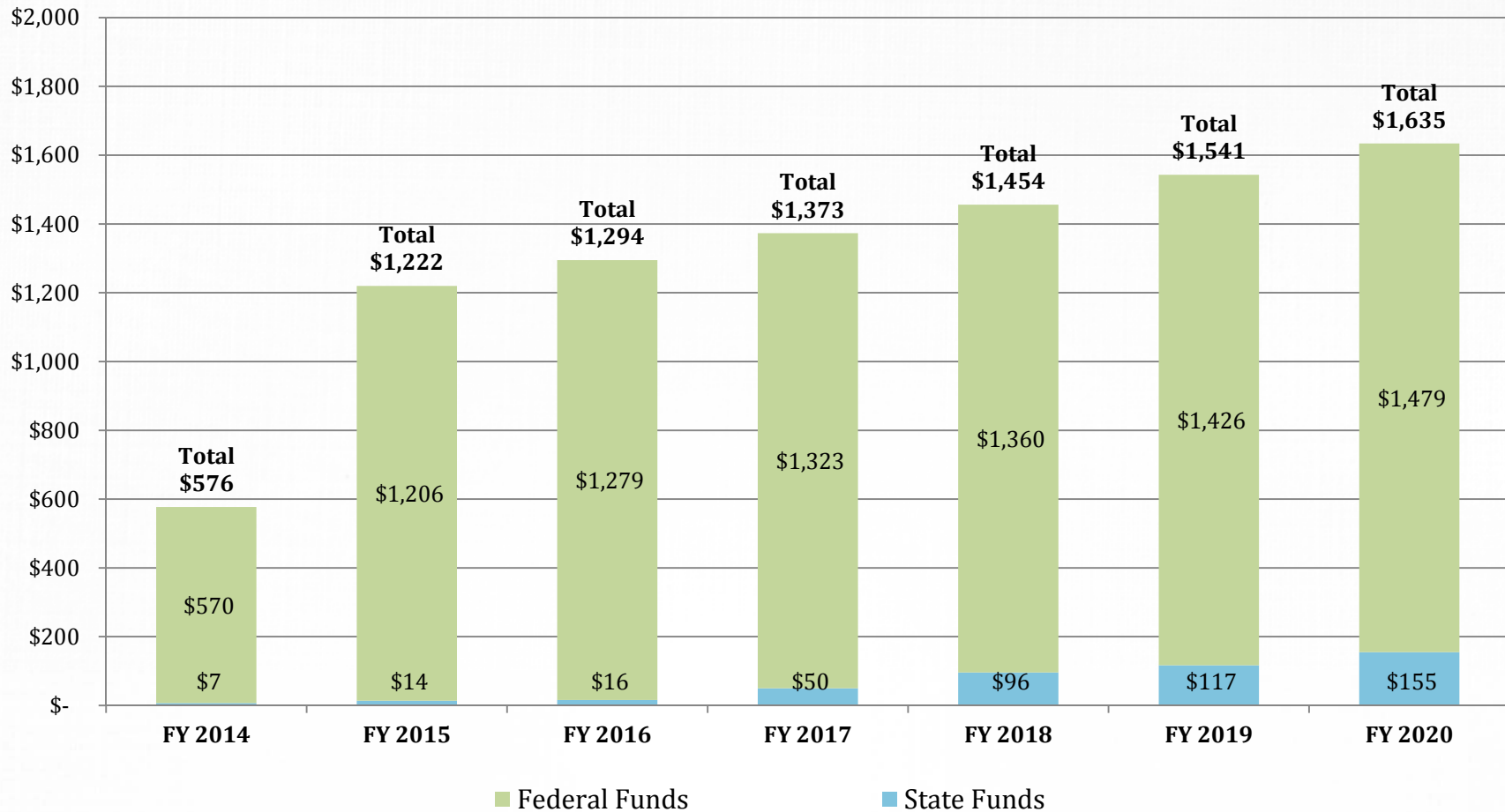
Optional ACA Expansion to 138% Federal Poverty Level* (in millions)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
State Funds	\$7	\$14	\$16	\$50	\$96	\$117	\$155	\$455
Federal Funds	\$570	\$1,206	\$1,279	\$1,323	\$1,360	\$1,426	\$1,479	\$8,639
Total	\$576	\$1,222	\$1,294	\$1,373	\$1,454	\$1,541	\$1,635	\$9,095

**These figures exclude baseline expenditures and mandatory ACA spending.*



Optional ACA Expansion to 138% Federal Poverty Level (in millions)



Total Estimated Financial Impact of the ACA (in millions)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Grand Total
Mandatory								
State Funds	\$32	\$76	\$49	\$38	\$40	\$42	\$96	\$372
Federal Funds	\$123	\$222	\$278	\$309	\$328	\$347	\$317	\$1,925
Total	\$155	\$298	\$327	\$347	\$368	\$390	\$413	\$2,297
Optional Expansion								
State Funds	\$7	\$14	\$16	\$50	\$96	\$117	\$155	\$455
Federal Funds	\$570	\$1,206	\$1,279	\$1,323	\$1,360	\$1,426	\$1,479	\$8,639
Total	\$576	\$1,222	\$1,294	\$1,373	\$1,454	\$1,541	\$1,635	\$9,095



Total Estimated Financial Impact of ACA

- Estimated cost of mandatory changes without expansion for 2014-2020 = **\$272-\$436 million**
- Estimated cost of ACA mandates and full adult expansion up to 138% FPL = **\$609-\$1,032 million**



Baseline Expenditures, Mandatory ACA Cost & Optional ACA Expansion Cost Combined

(in millions)

